

Connecting Washington

Forces affecting the state's transportation system

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There are growing demands on the transportation system

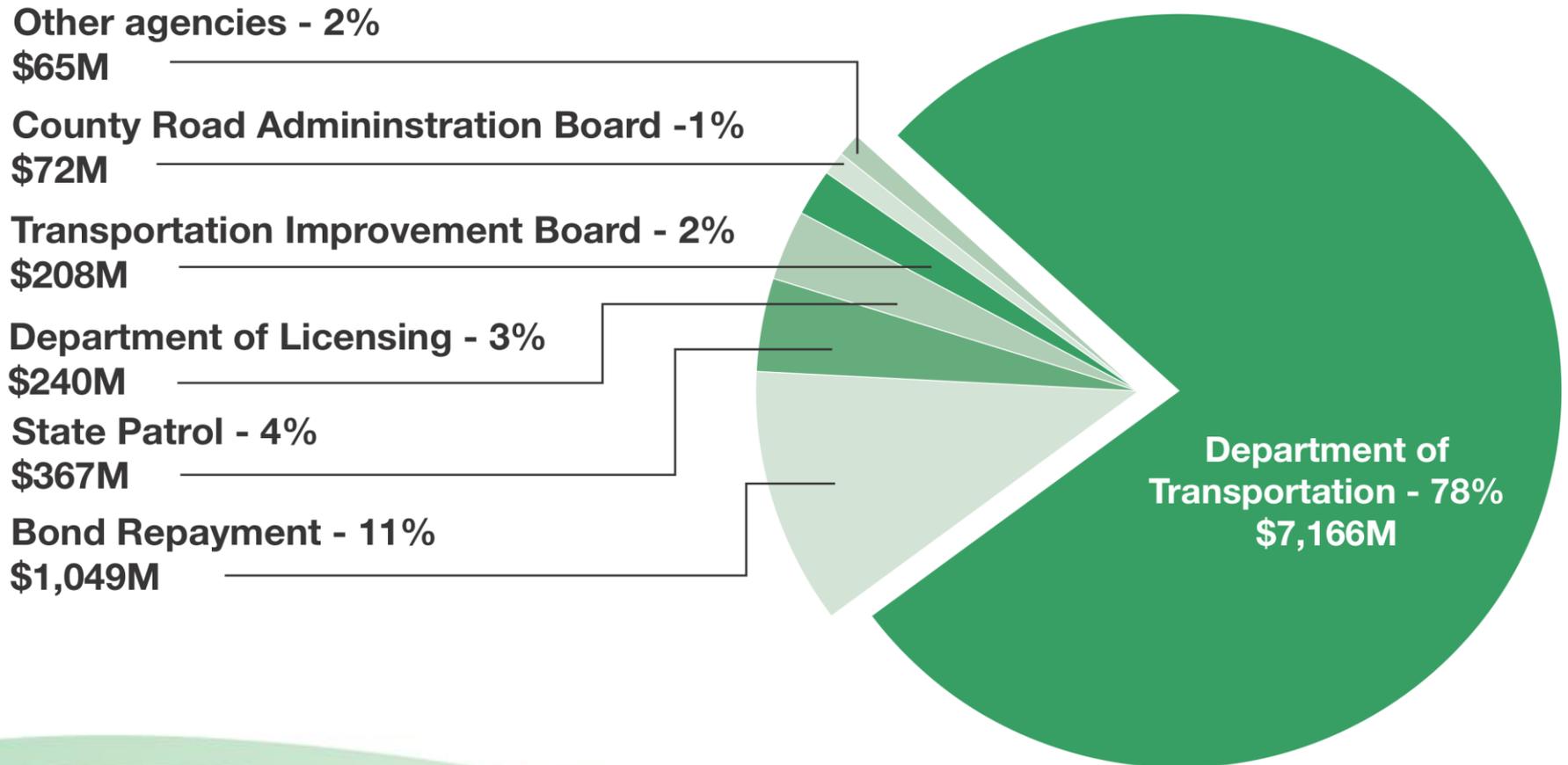
The population is growing -- this means more people will be driving on the roads and more resources will be required to maintain the system.

- The **population** of Washington state is expected to **grow 12.6%**, **non agricultural employment** by **18%**.
- **Vehicle miles traveled** statewide in 2010 - **56.5 billion**. The projection for 2020 - **60 billion**
- **Ferry ridership** is expected to **increase by 14.5%**
- **Transit ridership** is expected to **grow by 90%** between now and 2040, according to Puget Sound Regional Council.
- **Freight** is predicted to grow by **5%** annually between 2008 and 2035. Freight volumes are expected to triple to 975 million tons annually by 2035.



2011-13 transportation budget by major agency

\$9.1 billion



Washington's primary transportation revenue source is limited, committed, and doesn't keep up with inflation and growing demand

76% of all state transportation investments are financed by the gas tax

37½¢ Per gallon Washington state gas tax rate as of July 1, 2008



-9½¢

261 specific transportation projects statewide*
(2005 Transportation Partnership Projects)



-5¢

160 specific transportation projects statewide
(2003 Nickel Package projects)

**Funded
421 projects**

23¢ **Base Gas Tax**



-11¢

Supports **cities and counties** for local roads



-4¢

Supports debt service to reduce **bond debt** that funded past highway and ferry projects



8¢

Remains for **maintenance and operations** as well as **preservation, safety improvements, and congestion-relief** projects for state highways and ferries

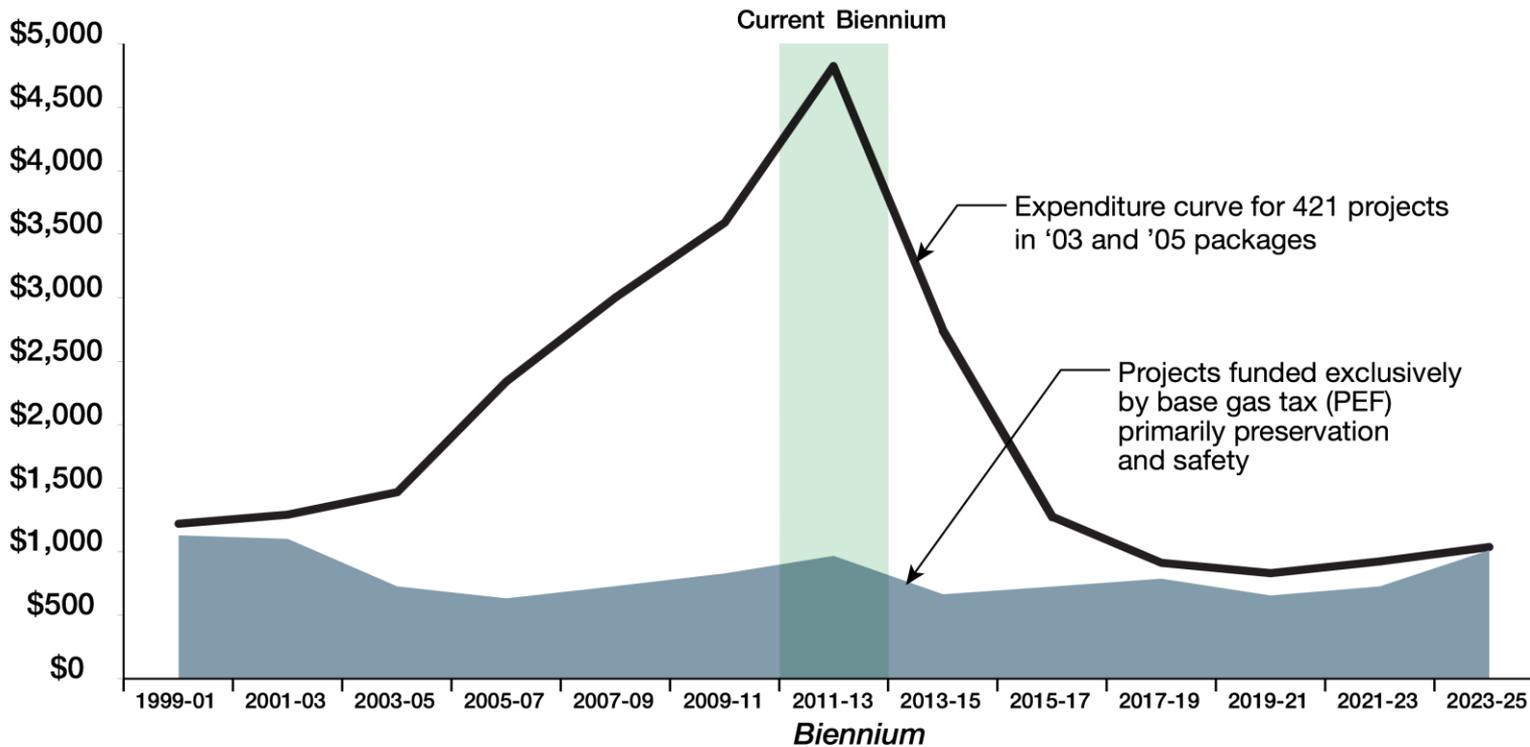
* Of the 9½ cents, 8½ cents is used by the state for highway projects, 1 cent goes to cities and counties for improvements to streets and roads.

WSDOT highway construction program

All funds from the 2003 and 2005 gas tax increases are committed

Legislatively approved 2011-2013 transportation budget

Dollars in Millions



74% of highway program dollars are contracted to the private sector.

\$6B of the \$15.5B in Nickel and TPA will be delivered through our design-build program.

54% of the design effort for Nickel and TPA was delivered by consultants.

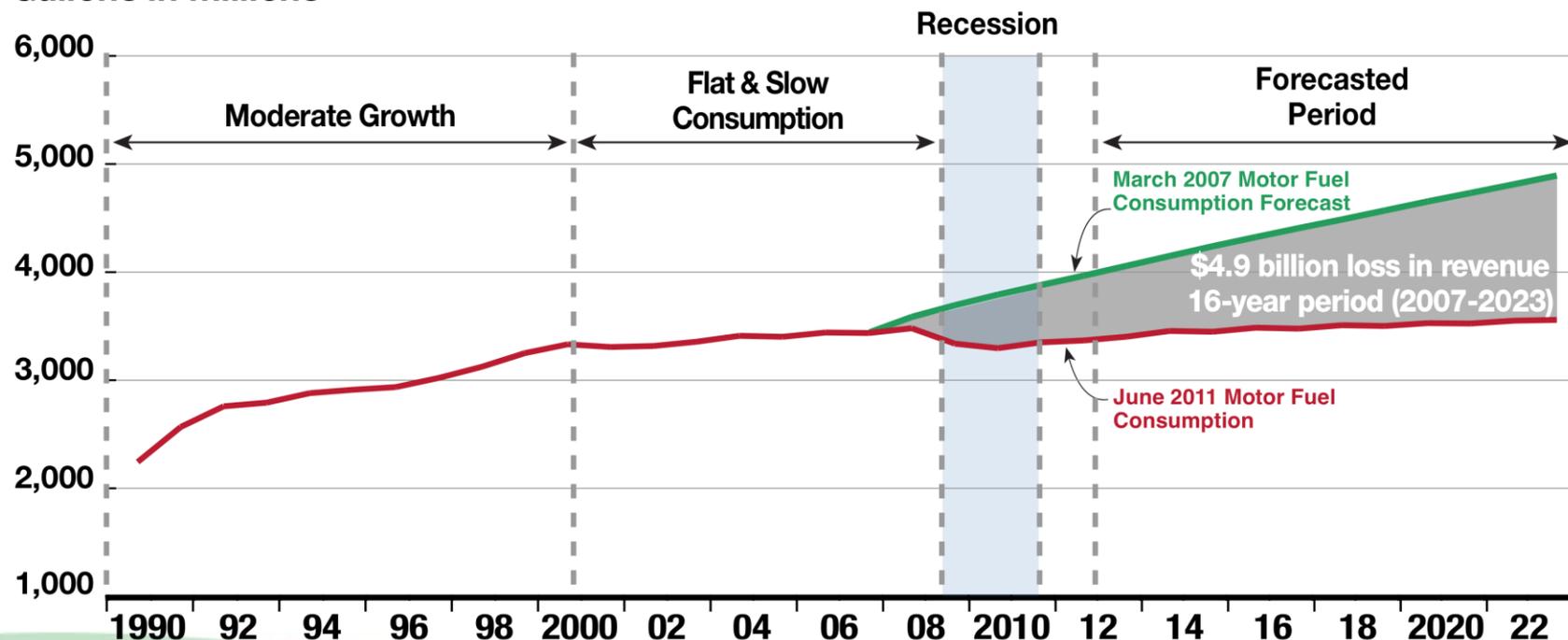
Gross fuel tax history with forecast comparison

March 2007 vs. June 2011

- **Revenue forecasts have been reduced**

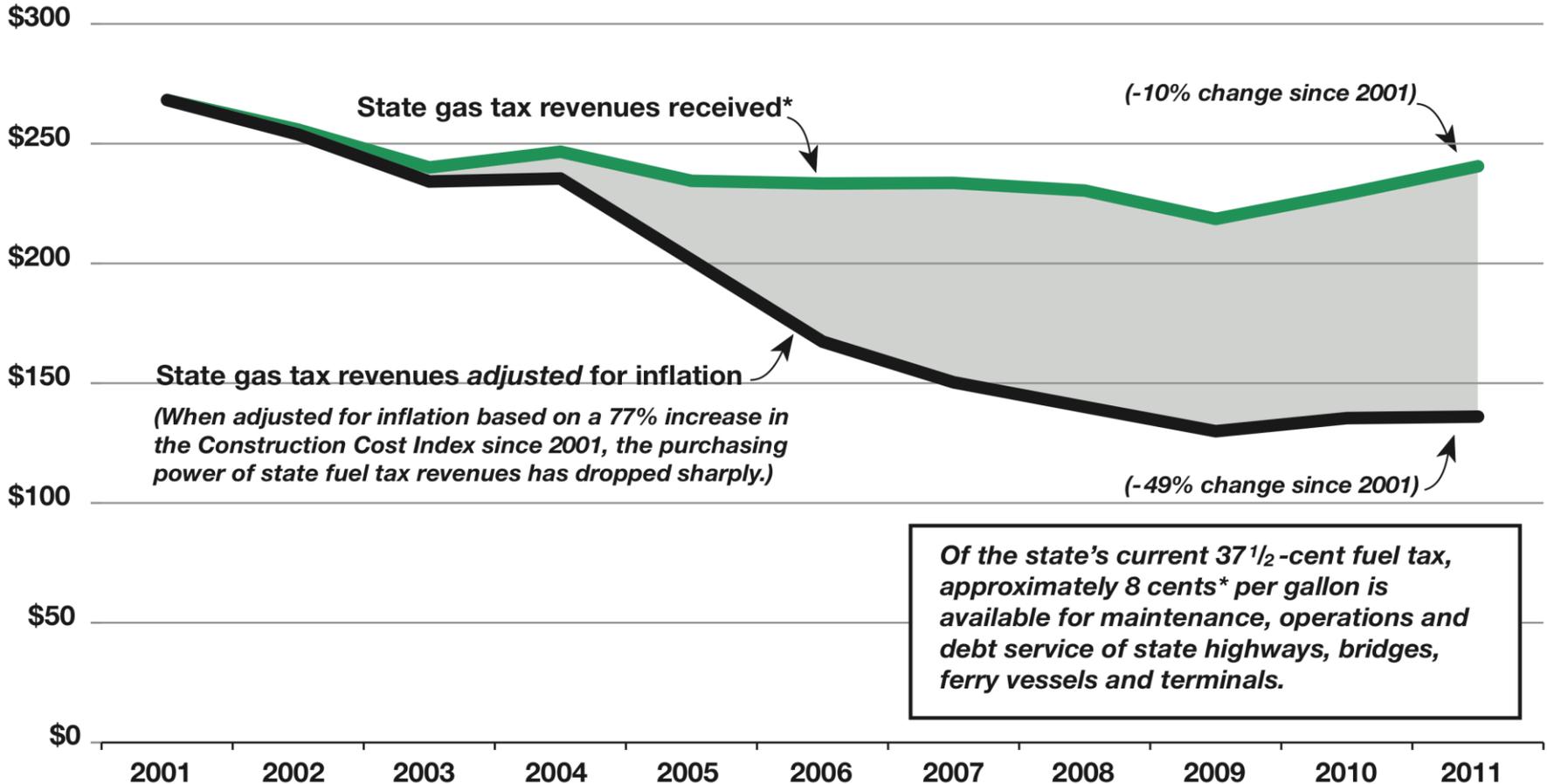
- There are more fuel-efficient and alternative-powered vehicles, along with a weaker economic recovery from the recession.
- Since March 2007, projected fuel tax revenues have fallen by \$4.9 billion over a 16-year period.

Gallons in millions



The state's share of the base gas tax has lost purchasing power since 2001

Actual dollars in millions



* Includes maintenance, preservation, safety improvements, and other department operations. Less Debt Service.

Factors that influence transportation revenues and investments

Managing transportation funding in a complex, changing world

Citizen initiatives and referenda:

- 1993: Voters limit fund transfers and cap expenditures (I-601).
- 1998: Voters allow fund transfers from MVET for transportation projects (R-49).
- 1999: Voters eliminate MVET as funding source for transportation projects (I-695).
- 2002: Voters reject gas tax increase.
- 2003 and 2005: Voters approve gas tax increases.
- 2011: ??????

User fees

- Tolls
- Ferry fares and transit fares
- Local option tax measures
- Regional tax measures
- Truck weight fees

Environmental commitments

- Remediation for past projects: Culverts and fish passage barrier removal
- Management of current system: Storm water, sidewalk repairs
- Stewardship of our future system: Air quality, carbon emissions

The economy has negatively impacted the entire transportation system

- Personal auto travel declines as jobs are lost and households strain to pay \$3-\$4 per gallon for gasoline. Result: less driving means lower gas tax revenues.
- Slowdown in economic activity means less trade, less freight, and less transportation revenue collected.
- Property values and real estate sales are main contributors to county road funding. Each has plummeted.
- Transit systems depend heavily on local sales tax revenues, which dropped 12.7% from 2008 to 2009. Meanwhile, the demand for public transportation is peaking at the same time revenues are dropping.
- The global economic slowdown has directly impacted Puget Sound ports. Seattle's container cargo down 14%, Tacoma's is down 2%.

How will Washington state and the federal government respond to future demands and growing needs in our transportation system?

What state and federal revenues will be available?

There is a risk to our transportation system performance by not investing...